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AZ CORP COMMISSION
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DEBORAH R. SCOTT
Senior Regulatory Attorney
Telephone: (602) 250-5508
Facsimile: (602) 250-3393

April 18, 2008

RE: Further Clarification regarding Arizona Public Service Company's
Application for Approval of CSP Purchase Power Agreement;
Docket No. E-01345A-08-0106

Dear Parties of Record:

On February 21, 2008, Arizona Public Service Company ("APS" or "Company") filed an application for approval of a Purchase Power Agreement ("PPA") where APS would procure the full output from a 280 megawatt concentrating solar power ("CSP") plant ("Solana Generating Station" or "Solana"). Recognizing that some clarification of the application was needed regarding the specific approval that APS is seeking in this docket, on April 14th the Company filed a letter in the docket to provide that clarification for the Commission, the Staff and the parties.

As APS indicated in the earlier letter, the Company is seeking approval of the Solana PPA pursuant to the Renewable Energy Standard rules, specifically R14-2-1804(G), which provides for pre-approval of agreements to purchase energy or Renewable Energy Credits from Eligible Renewable Energy Resources. To address questions that have been raised since the filing of the April 14th letter, the Company is providing this letter to further clarify that APS is not seeking a prudence determination in the Solana PPA docket nor any other pending docket.

The Company hopes that this additional clarification will facilitate the timely resolution of this matter without the need for an evidentiary hearing. If you have any questions, or wish to discuss further, please call me at 602-250-5508.

Sincerely,

Deborah R. Scott
Deborah R. Scott

Arizona Corporation Commission
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cc. Parties of Record
Ernest Johnson
Janet Wagner
Charles Hains
Terri Ford
Steve Irvine
Docket Control

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APS • APS Energy Services • SunCor • El Dorado • Pinnacle West Marketing & Trading, Co., LLC

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